

FISCAL NOTE

HB 1899 - SB 2072

March 9, 2007

SUMMARY OF BILL: Authorizes an additional class of licenses providing the sale of wine at certain retail food stores.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$980,000 Recurring/Alcoholic
Beverage Commission
\$500,000 One-Time/ Alcoholic
Beverage Commission**

**Increase State Revenues - \$5,100,000 Recurring/ Alcoholic Beverage
Commission
\$1,800,000 One-Time/Alcoholic Beverage
Commission
\$5,404,000 Recurring/General Fund**

Increase Local Govt. Revenues - \$113,600

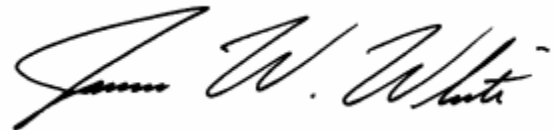
Assumptions:

- The licenses shall be issued by the Alcoholic Beverage Commission and only to qualified food stores in jurisdictions which have approved the sale of alcoholic beverages.
- There are approximately 8,000 qualifying food stores in the state of Tennessee. It is estimated that 75% of these stores will apply for the license (8,000 x 75%) 6,000.
- Each license cost \$850 with a \$300 one-time fee. \$5,100,000 (6,000 x \$850) and \$1,800,000 (6,000 x \$300).
- The Alcoholic Beverage Commission will need twenty (20) additional agents to assist in regulating and investigating the new licensees.
- Each agent would receive a salary of \$44,000 including benefits; a \$25,000 one-time fee for car, camera, rifle, vest, etc.; \$5,000 for maintenance, travel, hotels, etc. \$880,000 (20 x 44,000); 500,000 (20 x 25,000); and \$100,000 (5,000 x 20).
- Wine Tax Collections for FY 2006 were \$9,143,000. Estimate for FY 2008 assuming a five percent growth per year is \$ 10.1 million (9,143,000 x 5%).
- The excise tax rate for wine is \$1.21 per gallon.

- It is estimated that wine sale/consumption would increase excise tax revenue 50%. \$5,050,000 (\$10.1 million x 50 %).
- Sales tax on wine is 7% for state and 2.25% for local. \$353,500 (5,050,000 x 7%) and \$113,625 (5,050,000 x 2.25%).
- Increase State Revenues \$5,403,500 million (5,050,000 + 353,500).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director